



## NEWS RELEASE

### United States Senate Committee on Small Business *Olympia J. Snowe, Chair*

Tuesday, June 07, 2005

Contact: Chris Chichester

FOR IMMEDIATE RELEASE

(202)228-5843

<http://sbc.senate.gov>

#### ***SNOWE CALLS FOR FAIRNESS IN AWARDING OF SMALL BUSINESS CONTRACTS***

##### *Senator organizes hearing on SBA size standards*

WASHINGTON, D.C. – Senator Olympia J. Snowe (R-Maine), Chair of the Senate Committee on Small Business and Entrepreneurship, today convened a public hearing in Portland, Maine that examined the Small Business Administration's definition of a small business. Given that over 90 percent of Maine's businesses are small, the classification by the SBA is critically important to receiving contracts from the federal government and gaining access to SBA's lending programs.

"The issue of size standards is critically important to small business owners and aspiring entrepreneurs in Maine and throughout the country," said Snowe. "The SBA's definition of a small business owner directly affects eligibility for federal contracting, lending, and regulatory relief programs. Today, we heard from many small business owners that the SBA's size standards system must not leave behind small or emerging firms. Any reform of this system must be fair to businesses of every size, must help them grow to become competitive in national and global markets, and give due regard to the unique circumstances of the industries in which they compete."

Snowe urged caution in changing the definition of a small business for the purpose of determining eligibility for government contracts, noting that reclassification could have unintended consequences. For instance, reducing the maximum number of employees a business can have and still be considered a 'small business' could open up contracts to competition from foreign companies due to trade agreements and policies of some foreign governments, particularly in Europe, that protect firms with 500 employees or

fewer. Instead, she encouraged the SBA to consider a tiered size system to better account for industry-specific circumstances and the needs of small firms in various stages of development. The current system treats all small businesses below an industry size standard similarly. An industry proposal for a tiered size system would set a small firm size cap in relation to industry leaders, and then provide for tiers within the cap to enable competition among firms of similar size.

"We also learned that greater vigilance is needed in the enforcement of current rules," said Snowe. "Small business owners should have a comprehensive understanding of the rules that specifically apply to them allowing them to comply with the law and focus on a more pressing objective: job creation."

Snowe has previously proposed increasing penalties for businesses that illegally obtain government contracts meant for small businesses.

"I am grateful to the SBA Administrator Hector Barreto for agreeing to my request to bring this hearing to Portland to hear from Maine small businesses," said Snowe. "It is only through a real give and take with small business owners that we can make our rules and regulations at the federal level more reflective and responsive to the needs of the small business community."

Senator Snowe asked the SBA to hold this morning's hearing that took place at Portland City Hall. Officials from the SBA's general counsel, government contracting, technology, and regional offices were in attendance. Maine's small firms employ over 300 employees and brought back over \$80 million in small business prime contracting dollars to Maine in Fiscal Year 2003.

###